

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
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FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 2698

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E.O. 11652: N/A
TAGS: BEXP, FI
SUBJECT: UNDER SECRETARIAL TASK FORCE ON US FOOTWEAR: CONTINUING
IDENTIFICATION OF TRADE OPPORTUNITIES FOR LEATHER SHOES AND
BOOTS

REF: STATE 089279

1. SUMMARY: THE FINNISH ARMED FORCES PLACE ALL MILITARY FOOTWEAR CONTRACTS WITH DOMESTIC SUPPLIERS. HOWEVER, THEY ARE OPEN TO OFFERS OF SAMPLE SALES OF SPECIAL BOOTS AND SHOES FOR TESTING PURPOSES. THE STATE PROCUREMENT CENTER IS WILLING TO CONSIDER OFFERS/BIDS FROM U.S. SUPPLIERS. THE PROSPECT FOR ACCEPTANCE OF SUCH OFFERS/BIDS IS REMOTE. SALES OF U.S. FOOTWEAR THROUGH NORMAL RETAIL CHANNELS HAVE LIMITED POTENTIAL DUE TO DIFFERENCES IN U.S./FINNISH SHOE LASTS AND THE HIGH LANDED PRICE OF U.S. SHOES AND BOOTS.

2. OVER THE PAST SEVERAL MONTHS THE POST HAS BEEN REQUESTED TO SEEK OUT FINNISH AGENTS AND DISTRIBUTORS FOR U.S. FOOTWEAR UNDER THE DEPARTMENT OF COMMERCE AGENT AND DISTRIBUTOR SERVICE (ADS) PROGRAM. WE HAVE RECEIVED ALSO A DIRECT REQUEST (FROM GENESCO INC., UNIVERAL EXPORT DIVISION,
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NASHVILLE, TENNESSEE 37202) TO SEEK DIRECT SALES OPPORTUNITIES AMONG OFFICIAL CENTRAL PROCUREMENT ENTITIES. IN COMPLYING WITH THESE REQUESTS AS WELL AS WITH REFTEL WE HAVE DEVELOPED THE FOLLOWING INFORMATION.

3. THE FINNISH ARMED FORCES PLACE ALL MILITARY FOOTWEAR CONTRACTS WITH DOMESTIC SUPPLIERS AS PART OF THEIR

OVERALL POLICY OF MAINTAINING A HIGH LEVEL OF DOMESTIC SELF-SUFFICIENCY. HOWEVER, RECOGNIZING THE NEED TO KEEP AWARE OF IMPROVEMENTS IN MILITARY FOOTWEAR, THE FINNISH MILITARY WILL CONSIDER PURCHASE OF SPECIAL SHOE AND BOOT SAMPLES FOR TESTING PURPOSES. THE ULTIMATE PURCHASE FOR GENERAL MILITARY USE OF MODELS FOUND DESIRABLE WOULD REQUIRE THAT THEY BE MANUFACTURED IN FINLAND.

4. THE STATE PROCUREMENT CENTER (VALTION HANKINTAKESKUS VHK) PURCHASES SHOES AND BOOTS FOR THE POSTAL SERVICE, FIRE DEPARTMENTS, AND OTHER GOVERNMENT AND QUASI-GOVERNMENT ENTITIES. THE PROCUREMENT CENTER INFORMED US THAT IT IS WILLING TO CONSIDER OFFERS/BIDS FROM U.S. COMPANIES AS WELL AS OTHER NON-FINNISH SUPPLIERS. PURCHASES ARE BASED ON PRICE, ALL ELSE BEING EQUAL.

5. THROUGH OUR CONTACTS WITH LOCAL TRADERS IN THE FOOTWEAR LINE WE HAVE FOUND THAT U.S. PRODUCTS HAVE ONLY LIMITED SALES POTENTIAL. THIS IS DUE TO THE FACT THAT U.S. SHOE LASTS ARE NOT DESIGNED FOR THE AVERAGE FOOT CHARACTERISTICS FOUND HERE, AND THE LANDED PRICE OF U.S. FOOTWEAR IS INVARIABLY HIGHER THAN FOR SIMILAR ITEMS IMPORTED FROM EUROPEAN AND OTHER SOURCES.

6. THE DUTY RATE ON FOOTWEAR IMPORTED FROM THE U.S.
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RANGES BETWEEN 11.5 PERCENT TO 20 PERCENT DEPENDING ON TYPE. IMPORTS FROM THE EEC AND EASTERN EUROPEAN COUNTRIES ARE SUBJECT TO RATES 2-5 PERCENTAGE POINTS LOWER WHILE IMPORTS FROM EFTA COUNTRIES ARE FREE OF DUTY.

7. PRODUCTS THAT HAVE SALES POTENTIAL HERE ARE SPECIALTY PRODUCTS SUCH AS WESTERN BOOTS, SPORT SHOES AND DECK WEAR. EVEN IN THESE LINES THE VOLUME IS SMALL.

8. WE HAVE NOT BEEN ABLE TO OBTAIN INFORMATION REGARDING THE TIMING AND QUANTITY OF PURCHASES TO BE MADE IN THE NEAR FUTURE.

9. U.S. COMPANIES WISHING TO MAKE OFFERS TO THE OFFICIAL ENTITIES IDENTIFIED ABOVE MAY DIRECT THEIR CORRESPONDENCE AS FOLLOW:

A. GENERAL HEADQUARTERS
QUARTERMASTER SECTION
ETELAINEN MAKASIININKATU 8
SF-00130 HELSINKI 13, FINLAND
ATTN: COMMODORE T. KUPARINEN
B. VALTION HANKINTAKESKUS (VHK)

KAIKUKATU 3
SF-00530 HELSINKI 53, FINLAND
ATTN: MR. LAURI HAMALAINEN

POST COMMENT: DESPITE THE STATE PROCUREMENT CENTER'S (VHK) STATEMENT THAT IT IS WILLING TO CONSIDER OFFERS/ BIDS FROM U.S. SUPPLIERS, THE POST BELIEVES THE CHANCES OF U.S. FIRMS TO MAKE SALES TO THAT AGENCY ARE REMOTE. DOMESTIC POLITICAL AS WELL AS ECONOMIC FORCES ADVOCATING "BUY FINNISH" ARE SUCH THAT THE VHK WOULD BE UNLIKELY TO CHANCE PURCHASE OF FOOTWEAR FROM NON-FINNISH SOURCES.

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